

Marriott international: an analysis



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Marriott International has culture and tradition of innovation, service and leading performance. Marriott International has achieved competitive advantage over the other competitors through three conceptual frameworks: Porters Five Forces approaches, the resources based approaches and the rational approach. Through this approaches Marriott International has identified the source of competitive advantage. This report is primarily based on explaining how the Marriot International Inc. has successfully managed the strategic moves and competing with the strong rivals in the hospitality sector. This report also critically evaluates the strategic moves, competitive strength, internal and external environment of the company.

Introduction

Marriott International is a leading operator, franchisor, and licensor of hotels, corporate housing properties, and timeshare properties under numerous brand names at different price and service points. It has more than 3700 properties worldwide. It is expanded to 73 countries and have 18 brands. Innovation, service and leading performance is always the key priority of Marriott International. Fortune® magazine has included Marriott International in the most admired company in lodging industry and also as one of the best places to work. This report critically evaluates the Marriott International's strategic profile. (Marriott International Inc., 2012)

History

Marriott International has categorized its glowing history in 4 groups; period between 1927 to 1956 is known as early years, growth years are between

1957 to 1985, modern years are between 1986 to 2011 and the years ahead is 2012 and onwards.

Marriott was founded in 1927 by J. Willard Marriott and his wife in Washington D. C. as a root beer stand. Due to the humid summer of Washington D. C. the Hot Shoppe gradually became the popular place to get cool drinks to quench the thirst. For winter season hot Mexican dishes like tamales, chili, and tacos were the profitable items. In 1929 Hot Shoppes was incorporated in Delaware as Hot Shoppes Inc. Hot Shoppes went public in 1953 by opening its first hotel, the Twin Bridges Marriott in Arlington, Virginia. Marriott did its first international expansion in 1966 by acquiring an airline catering kitchen in Caracas, Venezuela. Marriott became Marriott Corporation in 1967. Cruise lines were added to Marriott Corporation in 1971 and in 1972 J. W. Marriott, Jr. the son of JW Marriot Became the CEO. Farrell's ice cream parlors became the part of Marriott Corporation in 1972 and also two theme parks near Chicago and San Francisco came to operation in 1976. In 1977 Marriot Corporation became a billion dollar company. In 1982 the company acquired Host International and opened first Courtyard hotel in 1983. In next year company entered in the vacation timeshare and senior-living market.

In 1987 Marriott entered in the lower-moderate lodging segment by acquiring Fairfield Inn and Residence Inn. Again in 1993 the company once again broke down into Marriott International and Host International. In the year of 1995 Marriott International acquired Ritz Carlton Hotel Company. Marriott International introduced Marriott Executive Residence, Towneplace Suites and Fairfield Suites in 1997 by acquiring Renaissance Hotel Group. In <https://assignbuster.com/marriott-international-an-analysis/>

2006 Marriott International announced that all Marriott establishments in US and Canada are non-smoking zone. Marriott has very colorful past and it grew old with innovation and on the other hand it focused more on mergers and acquisitions. In the modern years Marriott International opened the first Bulgari Hotels & Resort property in Milan, Italy. In the year of 2008 The Edition brand was introduced. Marriott International continued its growth in 2009 as well. In this year company launched Autograph Collection, which is a luxury and upscale independent brand hotels. In the year of 2012 Marriott International got its third CEO, Arne Sorenson in the company's history.

Strategy Management

According to the Bill Marriott, “ Sustainability means being good corporate citizen and environmentally steward and promoting economic growth, diversity and inclusion in our communities worldwide.” Marriott International is growing bigger every day. Marriott International is focusing more on Asia, Africa and Middle East in these days.

Marriott International has well planned strategies like New Generation Travelers, Brand Distinction, Portfolio Power, Technology Leadership, Owner Preference and Global Growth. These strategies are formulated to compete with the rival chains. Beside these strategies Marriott International has CSR strategy known as ‘ Spirit to serve our communities,’ which is social approach to stay ahead from the competition. Company has strategic management program to catch up with latest trend and development in the marketplace.

Marriott International developed great room lobby experience for the Next Generation Travelers in 2007 and is expanded to 190 countries of the more than 500 Marriott hotels and resorts. Company has planned to expand this program to more than 80% of Marriott properties worldwide with in 2015.

Marriott International is also trying to minimize its labor costs in its corporate offices despite the greater expansion of the company itself. There will be altogether 100 hotel in India alone within 2016. In china Marriott planning to open new hotels in faster pace than the rival hotel chains. The economies of China and India are somewhat slowing down but the travel and tourism industry is still growing in the positive speed and Marriott International wants to capture the growing market travel and tourism by adding new rooms.

MISSION AND VISION STATEMENT

Marriott International does not have a mission statement; rather, it has a vision statement which is “ To be the #1 hospitality company in the world.”

(Marriott International Inc., 2012)

INTERNAL AND EXTERNAL ENVIRONMENT:

SWOT Analysis

Strengths

Weaknesses

Large Expansion of Brands

People’s business

Geographic Presence

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Global leader

More franchise

Website and Social Network

Focused divestiture Efforts

Attract and retain employees

Culture retention against the identities of the brands

Brand Equity

Strong Internet presence

Adequate IT solutions

Over-reliance on US market

Over dependence on luxury brands

Lack of low-cost lifestyle brands

targeted by fundamentalists or extremists

Opportunities

Threats

Emerging Asian Travel and Tourism Markets

Trend of low-cost market

Distinction amongst hotel service offered

Environmentally and Family Oriented

Decrease of cost of real estate in the USA

Eco-tourism

Timeshare not popular anymore

Economic Recession = lower consumer spending

Boom of Economy Hotel Brand

Political instability

Terrorism

PEST Analysis

External environment needs to be analyzed in timely manner in order to be competitive on today's market place. The environment is changing all the time and company must be responsive to the changing environment. To take effective actions. PEST is the effective tool to analyze external environment of the organization. Marriott International is the leading hospitality management company. Its political, economic, social and technological environment analysis are as follows:

Political Environment

Marriott International has recognized the value of laws and regulations of the individual nation and acted accordingly in the past and present. The political

scenario in each country is different and must be addressed properly.

Marriott has followed protocol designed by the individual nation like; no smoking policy, non-fat food, low calorie diet etc.

Economic Environment

The growing economy of the Asia and other developing region is motivating Marriott International to invest more in these areas. On the other hand, the increasing price of gasoline is encouraging Marriott International to focus on clean energy and to be more environment friendly by decreasing the use of synthetic fuels, which also helps in controlling the cost of the operations

Social Environment

People today like to travel and explore new places. Marriott is extending travel network in America, Europe, Australia, Asia and Africa. Visiting friends and family abroad today is very easy due to the advancement in transportation system. Marriot International must recognize this market and develop plan to attract these markets.

Technological Environment

The world today is like global village. Technology is connecting the world and gathering the people in one place. People travel today more frequently than in the past. Reservation, payment, check in and check out can be done seamlessly. Marriott International has adopted technological innovation in faster pace than the competitors. Technological and innovation is the key priority of Marriott International.

3) FORCES OF FRAME WORK

Buyer Power

The buyer power in the Hospitality industry is moderate. As the Marriott International has strong brand recognition, it can attract new guest easily with little effort of marketing and promotions. The company can also keep its repeat business because the switching cost or risk for the guest is uncertain. Marriott International is providing quality service consistently and giving the best experience to its guest at all level.

Supplier Power

The supplier power is moderate for Marriott International as the supplier power in Hospitality Industry is fragmented. Property owners, developers, architects, real estate companies, marketing firms, law firms and information technology service and equipment suppliers are some example of supplier in the industry. Suppliers are in different shapes and sizes. Food and beverage supplier, utility supplier and labor supplier are also key player, as they are major stakeholder in minimizing operational cost of operation.

Threat of New Entrants

Threat of new Entrants for Marriot International is considerably high due to the substantial growth in hospitality industry in past few years. The unfavorable economic condition of some European countries also have lowered the value of land and real estate and it is very likely to attract new entrepreneur in the hospitality industry. The economic growth in South Asia and Asia Pacific is also maximizing the threat of new entrants.

Threat of Substitution

Threat of substitution for Marriott International is low in the developed nations and premium market place. In developing nations, the threat of substitution is high due to the innovative concepts in travel and tourism industry like; homestay campaign, camping, informal visit to friends and family. There is a threat of substitution but we cannot compare the service level provided in the informal sector with the Marriott level of service.

Degree of Rivalry

The threat of rivalry in the hospitality industry is moderate for Marriott International. In hospitality industry, key players are large branded chains. Marriott is facing strong competition from the other same sized chain brands but it is gaining its competitive advantage through the diversification of business in specialized segments. Marriott is expanded in 73 countries and has 18 brands which is the main reason that Marriott is ahead from its competitor. Beside this, Marriott's strong brand equity, strong commitment for guest satisfaction, consistent and quality service is helping Marriott to stay ahead from its rivals.

RESOURCES AND CAPABILITIES

Marriott International has a strong presence in the hospitality market due to its efficient operation, effective marketing, specific market segmentation by diversification of revenue and economies of scale on operations. Marriott is capable of managing all of its operations on its own. Strong commitment to service and guest satisfaction is Marriott's priority. Satisfied investor and shareholders, motivated employees in all level, strong corporate culture is

driving Marriott International in the right track of its journey to more satisfied guest, motivated employees and prosperous owners and shareholders.

DECISION MAKING

CRITICAL THEMES

CONCLUSION